

Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Comstock	County Kalamazoo
Fiscal Year End December 31, 2006	Opinion Date May 14, 2007	Date Audit Report Submitted to State June 28, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

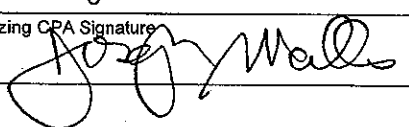
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Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	SAS 112	
Certified Public Accountant (Firm Name) Siegfried Crandall P.C.		Telephone Number 269-381-4970	
Street Address 246 East Kilgore Road		City Kalamazoo	State MI
Authorizing CPA Signature 		Printed Name Joseph M Walls, CPA	Zip 49002
		License Number 1101013696	

Charter Township of Comstock
Kalamazoo County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended December 31, 2006

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INDEPENDENT AUDITORS' REPORT

**Township Board
Charter Township of Comstock, Michigan**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Comstock, Michigan, as of December 31, 2006, and for the year then ended, which collectively comprise the Charter Township of Comstock, Michigan's financial statements, as listed in the contents. These financial statements are the responsibility of the Charter Township of Comstock, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Comstock Community Center, Inc., the sole discretely-presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Comstock Community Center, Inc., is based on the report of other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards. The financial statements of the sole discretely presented component unit, Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Comstock, Michigan, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison schedules, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Charter Township of Comstock, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Charter Township of Comstock, Michigan's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

May 14, 2007

BASIC FINANCIAL STATEMENTS

Charter Township of Comstock
STATEMENT OF NET ASSETS
December 31, 2006

	<i>Primary government</i>		
	<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,121,438	\$ 13,804	\$ 5,135,242
Receivables, net	1,963,535	-	1,963,535
Prepaid expenses	-	-	-
Total current assets	<u>7,084,973</u>	<u>13,804</u>	<u>7,098,777</u>
Noncurrent assets:			
Receivables, net	772,602	-	772,602
Deferred charges	34,837	-	34,837
Capital assets not being depreciated	290,226	-	290,226
Capital assets, net of accumulated depreciation	<u>13,618,455</u>	<u>12,000</u>	<u>13,630,455</u>
Total noncurrent assets	<u>14,716,120</u>	<u>12,000</u>	<u>14,728,120</u>
Total assets	<u>21,801,093</u>	<u>25,804</u>	<u>21,826,897</u>
LIABILITIES			
Current liabilities:			
Payables	176,264	10,119	186,383
Deferred revenue	2,837,292	-	2,837,292
Current portion of long-term obligations	<u>265,000</u>	<u>-</u>	<u>265,000</u>
Total current liabilities	<u>3,278,556</u>	<u>10,119</u>	<u>3,288,675</u>
Noncurrent liabilities - long-term obligations	<u>2,081,341</u>	<u>-</u>	<u>2,081,341</u>
Total liabilities	<u>5,359,897</u>	<u>10,119</u>	<u>5,370,016</u>
NET ASSETS			
Invested in capital assets, net of related debt	11,597,177	12,000	11,609,177
Restricted for:			
Public safety	1,003,166	3,685	1,006,851
Public works	13,074	-	13,074
Health and welfare	15,508	-	15,508
Recreation and culture	513,996	-	513,996
Debt service	1,023,987	-	1,023,987
Unrestricted	<u>2,274,288</u>	<u>-</u>	<u>2,274,288</u>
Total net assets	<u>\$ 16,441,196</u>	<u>\$ 15,685</u>	<u>\$ 16,456,881</u>

Component unit
Comstock
Community Center

\$ 89,223
89,727
7,129

186,079

-

-

-

81,835

81,835

267,914

44,967

12,872

-

57,839

-

57,839

81,835

-

-

114,817

-

-

13,423

\$ 210,075

See notes to the financial statements

Charter Township of Comstock
STATEMENT OF ACTIVITIES
Year ended December 31, 2006

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Governmental activities:				
Legislative	\$ 29,008	\$ -	\$ -	\$ -
General government	996,114	196,070	-	52,036
Public safety	1,551,694	1,212,994	-	128,042
Public works	685,224	379,492	9,854	97,196
Community and economic development	77,752	30,692	-	-
Culture and recreation	856,548	93,071	42,449	-
Health and welfare	357,829	-	-	-
Interest on long-term debt	106,890	42,053	-	-
Total governmental activities	4,661,059	1,954,372	52,303	277,274
Business-type activity:				
Building inspection	178,763	137,421	-	-
Total primary government	<u>\$ 4,839,822</u>	<u>\$ 2,091,793</u>	<u>\$ 52,303</u>	<u>\$ 277,274</u>
Component unit:				
Community center	<u>\$ 644,087</u>	<u>\$ 454,557</u>	<u>\$ 239,473</u>	<u>\$ 30,000</u>
General revenues:				
Property taxes				
Franchise fees				
State grants				
Investment income				
Contributions				
Other				
Total general revenues				
Changes in net assets				
Net assets - beginning				
Net assets - ending				

<i>Net (expenses) revenues and changes in net assets</i>			
<i>Primary government</i>			<i>Component unit</i>
<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>	<i>Comstock Community Center</i>
\$ (29,008)		\$ (29,008)	
(748,008)		(748,008)	
(210,658)		(210,658)	
(198,682)		(198,682)	
(47,060)		(47,060)	
(721,028)		(721,028)	
(357,829)		(357,829)	
<u>(64,837)</u>		<u>(64,837)</u>	
(2,377,110)		(2,377,110)	
-	\$ (41,342)	(41,342)	
<u>(2,377,110)</u>	<u>(41,342)</u>	<u>(2,418,452)</u>	
			\$ 79,943
1,293,040	-	1,293,040	-
85,715	-	85,715	-
1,036,023	-	1,036,023	-
230,793	-	230,793	2,351
20,920	-	20,920	-
<u>30,254</u>	<u>-</u>	<u>30,254</u>	<u>-</u>
<u>2,696,745</u>	<u>-</u>	<u>2,696,745</u>	<u>2,351</u>
319,635	(41,342)	278,293	82,294
<u>16,121,561</u>	<u>57,027</u>	<u>16,178,588</u>	<u>127,781</u>
<u>\$ 16,441,196</u>	<u>\$ 15,685</u>	<u>\$ 16,456,881</u>	<u>\$ 210,075</u>

See notes to the financial statements

Charter Township of Comstock
BALANCE SHEET - governmental funds
December 31, 2006

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Capital</u>	<u>Library</u>
ASSETS				
Cash	\$ 727,252	\$ 823,242	\$ 811,007	\$ 840,317
Receivables, net	<u>592,562</u>	<u>574,802</u>	<u>114,950</u>	<u>410,439</u>
Total assets	<u>\$ 1,319,814</u>	<u>\$ 1,398,044</u>	<u>\$ 925,957</u>	<u>\$ 1,250,756</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 61,894	\$ 38,346	\$ -	\$ 19,897
Deferred revenue	<u>692,869</u>	<u>1,068,758</u>	<u>213,731</u>	<u>697,117</u>
Total liabilities	<u>754,763</u>	<u>1,107,104</u>	<u>213,731</u>	<u>717,014</u>
Fund balances:				
Unreserved	565,051	290,940	712,226	533,742
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	-	-
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>565,051</u>	<u>290,940</u>	<u>712,226</u>	<u>533,742</u>
Total liabilities and fund balances	<u>\$ 1,319,814</u>	<u>\$ 1,398,044</u>	<u>\$ 925,957</u>	<u>\$ 1,250,756</u>

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Governmental fund balances

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Interest related to special assessments receivable is not available to pay for the current period expenditures and, therefore, is not reported in the funds.

Deferred charges are not a current financial resource and, therefore, are not reported in the funds.

Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.

Interest related to long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds.

Net assets of *governmental activities*

<u>Sewer and Water Improvement</u>	<u>1996 Sewer Bond</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ 1,278,696	\$ 407,042	\$ 233,882	\$ 5,121,438
380,090	400,292	249,502	2,722,637
<u>\$ 1,658,786</u>	<u>\$ 807,334</u>	<u>\$ 483,384</u>	<u>\$ 7,844,075</u>
\$ 25,259	\$ -	\$ 15,235	\$ 160,631
347,684	389,538	325,966	3,735,663
<u>372,943</u>	<u>389,538</u>	<u>341,201</u>	<u>3,896,294</u>
1,285,843	417,796	-	3,805,598
-	-	28,582	28,582
-	-	113,601	113,601
<u>1,285,843</u>	<u>417,796</u>	<u>142,183</u>	<u>3,947,781</u>
<u>\$ 1,658,786</u>	<u>\$ 807,334</u>	<u>\$ 483,384</u>	<u>\$ 7,844,075</u>
			\$ 3,947,781
			13,908,681
			13,500
			34,837
			(2,346,341)
			898,371
			<u>(15,633)</u>
			<u>\$ 16,441,196</u>

See notes to the financial statements

Charter Township of Comstock**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds**

Year ended December 31, 2006

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Capital</u>	<u>Library</u>
REVENUES				
Taxes	\$ 643,901	\$ -	\$ -	\$ 649,139
Licenses and permits	85,715	-	-	-
Federal grants	-	128,042	-	-
State grants	1,034,422	-	-	29,751
Charges for services	346,095	-	-	3,796
Fines and forfeitures	13,154	-	-	39,672
Interest and rentals	62,859	16,552	35,807	26,329
Other	22,662	994,475	198,827	26,759
	<u>2,208,808</u>	<u>1,139,069</u>	<u>234,634</u>	<u>775,446</u>
Total revenues	<u>2,208,808</u>	<u>1,139,069</u>	<u>234,634</u>	<u>775,446</u>
EXPENDITURES				
Legislative	22,416	-	-	6,592
General government	932,170	-	-	-
Public safety	479,271	921,380	1,050	-
Public works	83,519	-	-	-
Community and economic development	77,752	-	-	-
Health and welfare	357,829	-	-	-
Culture and recreation	175,551	-	-	723,974
Capital outlay	21,552	167,463	34,353	22,812
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>2,150,060</u>	<u>1,088,843</u>	<u>35,403</u>	<u>753,378</u>
Total expenditures	<u>2,150,060</u>	<u>1,088,843</u>	<u>35,403</u>	<u>753,378</u>
NET CHANGES IN FUND BALANCES	58,748	50,226	199,231	22,068
FUND BALANCES - BEGINNING	<u>506,303</u>	<u>240,714</u>	<u>512,995</u>	<u>511,674</u>
FUND BALANCES - ENDING	<u>\$ 565,051</u>	<u>\$ 290,940</u>	<u>\$ 712,226</u>	<u>\$ 533,742</u>

<u>Sewer and Water Improvement</u>	<u>1996 Sewer Bond</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ -	\$ -	\$ -	\$ 1,293,040
-	-	-	85,715
-	-	-	128,042
-	-	-	1,064,173
163,327	-	-	513,218
-	-	-	52,826
81,250	43,395	15,757	281,949
<u>154,551</u>	<u>74,886</u>	<u>193,334</u>	<u>1,665,494</u>
 399,128	 118,281	 209,091	 5,084,457
-	-	-	29,008
-	-	-	932,170
-	-	-	1,401,701
567,903	3,420	178,072	832,914
-	-	-	77,752
-	-	-	357,829
-	-	-	899,525
-	-	-	246,180
-	100,000	160,000	260,000
<u>-</u>	<u>59,675</u>	<u>38,500</u>	<u>98,175</u>
 567,903	 163,095	 376,572	 5,135,254
(168,775)	(44,814)	(167,481)	(50,797)
<u>1,454,618</u>	<u>462,610</u>	<u>309,664</u>	<u>3,998,578</u>
<u>\$ 1,285,843</u>	<u>\$ 417,796</u>	<u>\$ 142,183</u>	<u>\$ 3,947,781</u>

See notes to the financial statements

Charter Township of Comstock
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds (Continued)
Year ended December 31, 2006

	<u>Total governmental funds</u>
Net change in fund balances - total governmental funds	\$ (50,797)
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Capital outlays are reported as expenditures in governmental funds, but are allocated over their estimated useful lives as depreciation expense in the statement of activities. Capital outlays (\$916,590) exceeded depreciation \$(641,644) in the current period.	274,946
The amortization of deferred charges does provide current financial resources and, therefore, is not reported in the funds.	(10,124)
Interest on assessments is recorded when available in the funds.	13,500
Interest expense is recorded when incurred in the statement of activities.	1,409
The creation of special assessments does not provide current financial resources to the funds. Collections on special assessments receivable reduces long-term receivables in the statement of net assets. Collections (\$266,495) exceeded special assessments created (\$96,196) in the current period.	(169,299)
Repayment of bond principal is an expenditure in the funds, but reduces long-term liabilities in the statement of net assets.	<u>260,000</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 319,635</u>

See notes to the financial statements

Charter Township of Comstock
STATEMENT OF NET ASSETS - proprietary fund
December 31, 2006

	<u>Building Inspection</u>
ASSETS	
Current assets - cash	\$ 13,804
Noncurrent assets - capital assets, net of accumulated depreciation	<u>12,000</u>
Total assets	<u>25,804</u>
LIABILITIES	
Current liabilities - payables	<u>10,119</u>
NET ASSETS	
Investment in capital assets	12,000
Restricted for public safety	<u>3,685</u>
Total net assets	<u>\$ 15,685</u>

See notes to the financial statements

Charter Township of Comstock
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - *proprietary fund*
Year ended December 31, 2006

	<u>Building Inspection</u>
OPERATING REVENUES	
Charges for services	\$ 137,421
OPERATING EXPENSES	
Personnel costs	130,406
Contracted services	35,349
Supplies	9,008
Depreciation	<u>4,000</u>
Total operating expenses	<u>178,763</u>
CHANGE IN NET ASSETS	(41,342)
NET ASSETS - BEGINNING	<u>57,027</u>
NET ASSETS - ENDING	<u>\$ 15,685</u>

See notes to the financial statements

Charter Township of Comstock
STATEMENT OF CASH FLOWS - proprietary fund
Year ended December 31, 2006

	<u>Building Inspection</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 137,548
Payments to vendors and suppliers	(92,919)
Payments to employees	<u>(83,394)</u>
NET DECREASE IN CASH	(38,765)
CASH - BEGINNING	<u>52,569</u>
CASH - ENDING	<u><u>\$ 13,804</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (41,342)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	4,000
Decrease in receivables	127
Decrease in payables	<u>(1,550)</u>
Net cash used in operating activities	<u><u>\$ (38,765)</u></u>

See notes to the financial statements

Charter Township of Comstock
STATEMENT OF FIDUCIARY NET ASSETS - Agency Fund
December 31, 2006

ASSETS

Cash	<u>\$ 2,009,372</u>
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LIABILITIES

Due to other governmental units	<u>\$ 2,009,372</u>
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See notes to the financial statements

Charter Township of Comstock
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Charter Township of Comstock, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

a) Reporting entity:

The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely-presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

Discretely-presented component unit:

Comstock Community Center:

The Center is reported in a separate column to emphasize it is legally separate from the Township. The Center has a December 31 year end. Complete financial statements are available at the Center's administrative office at 6330 King Highway, Comstock, Michigan 49041.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Charter Township of Comstock
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current year is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Operating Fund accounts for the financial resources used for the operational costs of the Township fire protection. Revenues are primarily derived from special assessments.

The Fire Capital Outlay Fund accounts for the financial resources used for fire protection capital outlays. Revenues are primarily derived from special assessments.

The Library Fund accounts for the financial resources used for the operational costs of the Township's library. Revenues are primarily derived from property taxes.

The Sewer and Water Improvement Fund accounts for the financial resources used for the expansion, repairs and maintenance of sewer and water lines in the Township. Revenues are primarily derived from connection fees.

The 1996 Sewer Bond Fund accounts for the financial resources used for the payment of long-term debt. Revenues are primarily derived from special assessments.

The Township reports a single proprietary fund, Building Inspection Fund, which accounts for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Charter Township of Comstock
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

The Township reports one fiduciary fund, the Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Charter Township of Comstock
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

iv) Capital assets (continued) - Capital assets other than infrastructure are defined by the government as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning January 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	5 - 10 years
Vehicles	10 - 20 years
Infrastructure	20 - 50 years

v) Compensated absences - It is the Township's policy to permit employees to accumulate earned but unused sick pay benefits. A liability for unpaid accumulated sick leave has been recorded for the portion due to employees upon separation from service with the Township. Vested compensated absences are accrued when earned in the government-wide and proprietary fund financial statements.

vi) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vii) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the subsequent year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Township's general and special revenue funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the functional level. All annual appropriations lapse at the end of the fiscal year.

The following schedule sets forth the significant budget variation:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Fire Operating Fund	Capital outlay	133,249	167,463	(34,214)

Charter Township of Comstock
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH AND CASH EQUIVALENTS:

Cash as presented in the accompanying financial statements, consists of the following:

	<u>Govern- mental activities</u>	<u>Business- type activities</u>	<u>Fiduciary</u>	<u>Total primary government</u>	<u>Total component unit</u>	<u>Total</u>
Deposits	\$ 4,122,628	\$ 13,804	\$ 2,009,372	\$ 6,145,804	\$ 59,213	\$ 6,205,017
Investments	997,810	-	-	997,810	30,010	1,027,820
Cash on hand	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total cash	<u>\$ 5,121,438</u>	<u>\$ 13,804</u>	<u>\$ 2,009,372</u>	<u>\$ 7,144,614</u>	<u>\$ 89,223</u>	<u>\$ 7,233,837</u>

Deposits with financial institutions:

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At December 31, 2006, \$3,989,334 of the primary government's bank balances of \$4,189,384 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

The Center's cash is deposited with financial institutions authorized by statute. At December 31, 2006, none of the Center's bank balance of \$78,609 was exposed to custodial credit risk.

Investments:

State statutes and the Township's investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper, with three (3) highest rate classifications by at least two (2) rating services, maturing not later than 270 days; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; and e) investment pools composed of otherwise legal investments. All investments are reported at fair value.

The Township's investment consists of unsecured 3.65% Federal National Mortgage Association discounted notes, due February 23, 2007.

The Center's investments consist of marketable securities held by Comerica Securities, Inc.

Charter Township of Comstock
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

At December 31, 2006, the Township's receivables were as follows:

	<u>Accounts</u>	<u>Property taxes</u>	<u>Special Assess- ments</u>	<u>Inter- govern- mental</u>	<u>Totals</u>
Governmental activities:					
General Fund	\$ 17,897	\$ 407,839	\$ -	\$ 166,826	\$ 592,562
Fire Operating Fund	-	-	574,802	-	574,802
Fire Capital Fund	-	-	114,950	-	114,950
Library Fund	-	410,439	-	-	410,439
Sewer and Water Improvement Fund	12,576	-	367,514	-	380,090
1996 Sewer Bond Fund	-	-	400,292	-	400,292
Nonmajor governmental funds	-	-	249,502	-	249,502
Reconciliation of balances in fund financial statements to government-wide financial statements - accrued interest	-	-	-	-	13,500
Total governmental activities	<u>\$ 30,473</u>	<u>\$ 818,278</u>	<u>\$ 1,707,060</u>	<u>\$ 166,826</u>	<u>\$ 2,736,137</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 772,602</u>	<u>\$ -</u>	<u>\$ 772,602</u>
Component unit:					
Comstock Community Center	<u>\$ 89,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,727</u>

All receivables are due considered to be fully collectible.

Charter Township of Comstock
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2006, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Primary government:				
Governmental activities:				
Capital assets not being depreciated - land	\$ 290,226	\$ -	\$ -	\$ 290,226
Capital assets being depreciated:				
Buildings	3,181,939	41,854	-	3,223,793
Equipment	1,904,837	384,440	(160,463)	2,128,814
Vehicles	1,417,356	-	-	1,417,356
Infrastructure	13,246,161	490,296	-	13,736,457
Subtotal	19,750,293	916,590	(160,463)	20,506,420
Less accumulated depreciation for:				
Buildings and improvements	(1,479,972)	(76,506)	-	(1,556,478)
Equipment	(1,038,429)	(164,526)	160,463	(1,042,492)
Vehicles	(742,289)	(71,436)	-	(813,725)
Infrastructure	(3,146,094)	(329,176)	-	(3,475,270)
Subtotal	(6,406,784)	(641,644)	160,463	(6,887,965)
Total capital assets being depreciated, net	13,343,509	274,946	-	13,618,455
Governmental activities capital assets, net	\$ 13,633,735	\$ 274,946	\$ -	\$ 13,908,681
Business type activity:				
Vehicle	\$ 20,000	\$ -	\$ -	20,000
Less accumulated depreciation	(4,000)	(4,000)	-	(8,000)
Business type activity capital assets, net	\$ 24,000	\$ 4,000	\$ -	\$ 28,000
Component unit:				
Equipment and furnishings	\$ 199,660	\$ 10,960	\$ (16,471)	\$ 194,149
Less accumulated depreciation	(113,534)	(15,251)	16,471	(112,314)
Net capital assets	\$ 86,126	\$ (4,291)	\$ -	\$ 81,835

Charter Township of Comstock
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to governmental activities as follows:

General government	\$ 66,073
Public safety	102,444
Public works	342,606
Recreation and culture	<u>130,521</u>
Total governmental activities	<u>\$ 641,644</u>

NOTE 6 - PAYABLES:

At December 31, 2006, the Township's payables were as follows:

	<u>Accounts</u>	<u>Payroll</u>	<u>Totals</u>
Primary government:			
Governmental activities:			
General Fund	\$ 53,525	\$ 8,369	\$ 61,894
Fire Operating Fund	13,143	25,203	38,346
Library Fund	19,092	805	19,897
Sewer and Water Improvement Fund	25,259	-	25,259
Nonmajor governmental funds	<u>15,235</u>	<u>-</u>	<u>15,235</u>
Total governmental activities	<u>\$ 126,254</u>	<u>\$ 34,377</u>	<u>\$ 160,631</u>
Business-type activities:			
Building Inspection	<u>\$ 3,482</u>	<u>\$ 6,637</u>	<u>\$ 10,119</u>
Component unit	<u>\$ 16,148</u>	<u>\$ 28,819</u>	<u>\$ 44,967</u>

NOTE 7 - PROPERTY TAXES:

The Township property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31.

Although the Township 2006 ad valorem tax is levied and collectible on December 1, 2006, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

Charter Township of Comstock
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - PROPERTY TAXES (Continued):

The 2006 taxable valuation of the Township totaled \$461,422,064 ad valorem taxes levied consisted of the following:

<u>Fund</u>	<u>Millage rate</u>	<u>Purpose</u>	<u>Taxes raised</u>
General	0.9764	General operations	\$458,226
Senior services	0.5000	Senior services programs	234,643
Library	1.4854	Library operations	697,117

This amount is recognized in the financial statements as taxes receivable, with an offsetting credit to deferred revenue. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

NOTE 8 - DEFERRED REVENUE:

Governmental funds report deferred revenues in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenues are as follows:

<u>Fund</u>	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
Primary government:			
General	\$ 692,869	\$ -	\$ 692,869
Fire Operating	1,068,758	-	1,068,758
Fire Capital	213,731	-	213,731
Library	697,117	-	697,117
Sewer and Water Improvement	-	347,684	347,684
1996 Sewer Bond	-	389,538	389,538
Nonmajor governmental funds	<u>164,817</u>	<u>161,149</u>	<u>325,966</u>
	<u>\$ 2,837,292</u>	<u>\$ 898,371</u>	<u>\$ 3,735,663</u>
Component unit:			
Comstock Community Center	<u>\$ 12,872</u>	<u>\$ -</u>	<u>\$ 12,872</u>

Charter Township of Comstock
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - LONG-TERM DEBT:

At December 31, 2006, long-term liabilities are comprised of the following individual issues:

Governmental activities:

Bonds payable:

\$1,295,000 2005 Limited Tax General Obligation Refunding Bonds;
 due in annual installments of \$155,000 to \$175,000 plus interest at
 2.5% to 3.5% through May 2013. \$ 1,135,000

\$2,100,000 1996 Limited Tax General Obligation Bonds; due in
 annual installments of \$100,000 to \$125,000 plus interest at 4.75%
 to 7.75% through May 2016. 1,200,000

Total bonds payable 2,335,000

Unamortized bond premium 11,341

Total governmental activities long-term obligations \$ 2,346,341

Long-term obligation activity for the year ended December 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
2005 LTGO Refunding Bonds	\$ 1,295,000	\$ -	\$ (160,000)	\$ 1,135,000	\$ 165,000
1996 LTGO Bonds	1,300,000	-	(100,000)	1,200,000	100,000
Unamortized bond premium	-	13,231	(1,890)	11,341	-
Total governmental activities long-term obligations	<u>\$ 2,595,000</u>	<u>\$ 13,231</u>	<u>\$ (261,890)</u>	<u>\$ 2,346,341</u>	<u>\$ 265,000</u>

At December 31, 2006, debt service requirements were as follows:

<u>Year ended December 31:</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	265,000	88,856
2008	260,000	79,438
2009	285,000	69,294
2010	280,000	58,438
2011	275,000	47,356
2012 - 2016	<u>970,000</u>	<u>86,207</u>
Totals	<u>\$ 2,335,000</u>	<u>\$ 429,589</u>

Charter Township of Comstock
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The risks of loss arising from general liability up to \$7,000,000, property and casualty, and workers' compensation are managed through purchased commercial insurance.

NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate at the date of employment. The Township contributes an amount equal to 13% of the employee's base salary each month. The Township's contributions for each employee (and interest allocated to the employee's account) are vested after six months of continuous service. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township and eligible employees made the required contributions of \$115,455 and \$55,813, respectively, for the year ended December 31, 2006.

Comstock Community Center, Inc. provides pension benefits for all of its full-time employees through a defined contribution plan. The Center's employees are eligible to participate at one year from the date of employment. The Center contributes an amount equal to 7% of the employee's base salary each month. Contributions for each employee (and interest allocated to the employee's account) are vested immediately. The Center is not a trustee of the plan, nor is the Center responsible for investment management of plan assets.

The Center made the required contributions of \$22,568 for the year ended December 31, 2006.

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Comstock
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended December 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES:				
Taxes	\$ 650,720	\$ 650,720	\$ 643,901	\$ (6,819)
Licenses and permits - franchise fees	67,170	67,170	85,715	18,545
State grants:				
State shared revenues	1,063,847	1,063,847	1,016,277	(47,570)
Right of way fees	9,400	9,400	9,854	454
Liquor license fees	7,500	7,500	8,291	791
Total state grants	1,080,747	1,080,747	1,034,422	(46,325)
Charges for services:				
Tax collection fees	169,412	169,412	178,740	9,328
Utility surcharges	20,000	20,000	-	(20,000)
Planning and zoning fees	24,800	24,800	30,692	5,892
Solid waste compactor fees	42,500	42,500	37,286	(5,214)
Recreation fees	74,500	74,500	64,290	(10,210)
Park fees	20,000	20,000	17,757	(2,243)
Cemetery charges	18,400	18,400	16,045	(2,355)
Other	750	750	1,285	535
Total charges for services	370,362	370,362	346,095	(24,267)
Fines and forfeitures:				
Parking tickets	2,900	2,900	1,445	(1,455)
District court fees	16,500	16,500	11,709	(4,791)
Total fines and forfeitures	19,400	19,400	13,154	(6,246)
Interest	30,000	30,000	62,859	32,859
Other	250	250	22,662	22,412
Total revenues	2,218,649	2,218,649	2,208,808	(9,841)
EXPENDITURES				
Legislative	25,242	24,596	22,416	2,180
General government:				
General services	220,525	177,068	171,989	5,079
Supervisor	148,774	148,160	148,677	(517)
Elections	43,883	32,125	31,768	357
Assessor	134,393	127,615	128,442	(827)
Clerk	149,423	138,081	139,372	(1,291)
Board of Review	3,814	1,712	1,120	592

Charter Township of Comstock
BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)
Year ended December 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
General government (continued):				
Treasurer	\$ 132,404	\$ 124,186	\$ 123,395	\$ 791
Computer operations	20,500	21,308	16,673	4,635
Building and grounds	162,103	143,538	142,774	764
Cemetery	32,850	29,375	27,960	1,415
Total general government	<u>1,048,669</u>	<u>943,168</u>	<u>932,170</u>	<u>10,998</u>
Public safety:				
Police contract	400,155	413,875	413,875	-
Ordinance enforcement	66,754	65,268	65,396	(128)
Total public safety	<u>466,909</u>	<u>479,143</u>	<u>479,271</u>	<u>(128)</u>
Public works:				
Highways and streets	110,000	82,216	82,185	31
Drains	-	1,334	1,334	-
Total public works	<u>110,000</u>	<u>83,550</u>	<u>83,519</u>	<u>31</u>
Community and economic development - planning	<u>96,365</u>	<u>81,960</u>	<u>77,752</u>	<u>4,208</u>
Health and welfare:				
City bus service	37,000	53,392	53,392	-
Solid waste compactor	121,848	91,326	86,719	4,607
Community center	-	217,718	217,718	-
Total health and welfare	<u>158,848</u>	<u>362,436</u>	<u>357,829</u>	<u>4,607</u>
Culture and recreation - parks and recreation	<u>176,447</u>	<u>176,447</u>	<u>175,551</u>	<u>896</u>
Capital outlay	<u>129,500</u>	<u>63,000</u>	<u>21,552</u>	<u>41,448</u>
Total expenditures	<u>2,211,980</u>	<u>2,214,300</u>	<u>2,150,060</u>	<u>64,240</u>
EXCESS OF REVENUES OVER EXPENDITURES				
NET CHANGES IN FUND BALANCES	6,669	4,349	58,748	54,399
FUND BALANCES - BEGINNING	<u>506,303</u>	<u>506,303</u>	<u>506,303</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 512,972</u>	<u>\$ 510,652</u>	<u>\$ 565,051</u>	<u>\$ 54,399</u>

Charter Township of Comstock
BUDGETARY COMPARISON SCHEDULE - Fire Operating Fund
Year ended December 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Federal grants	\$ -	\$ -	\$ 128,042	\$ 128,042
Interest	5,000	5,000	16,552	11,552
Other	<u>993,201</u>	<u>993,201</u>	<u>994,475</u>	<u>1,274</u>
Total revenues	<u>998,201</u>	<u>998,201</u>	<u>1,139,069</u>	<u>140,868</u>
EXPENDITURES				
Public safety	973,701	972,201	921,380	50,821
Capital outlay	<u>24,500</u>	<u>133,249</u>	<u>167,463</u>	<u>(34,214)</u>
Total expenditures	<u>998,201</u>	<u>1,105,450</u>	<u>1,088,843</u>	<u>16,607</u>
NET CHANGES IN FUND BALANCES	-	(107,249)	50,226	157,475
FUND BALANCES - BEGINNING	<u>240,714</u>	<u>240,714</u>	<u>240,714</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 240,714</u>	<u>\$ 133,465</u>	<u>\$ 290,940</u>	<u>\$ 157,475</u>

Charter Township of Comstock
BUDGETARY COMPARISON SCHEDULE - Fire Capital Fund
Year ended December 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Interest	\$ 5,000	\$ 5,000	\$ 35,807	\$ 30,807
Other	<u>194,487</u>	<u>194,487</u>	<u>198,827</u>	<u>4,340</u>
Total revenues	<u>199,487</u>	<u>199,487</u>	<u>234,634</u>	<u>35,147</u>
EXPENDITURES				
Public safety	1,450	1,450	1,050	400
Capital outlay	<u>198,037</u>	<u>198,037</u>	<u>34,353</u>	<u>163,684</u>
Total expenditures	<u>199,487</u>	<u>199,487</u>	<u>35,403</u>	<u>164,084</u>
NET CHANGES IN FUND BALANCES	-	-	199,231	199,231
FUND BALANCES - BEGINNING	<u>512,995</u>	<u>512,995</u>	<u>512,995</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 512,995</u>	<u>\$ 512,995</u>	<u>\$ 712,226</u>	<u>\$ 199,231</u>

Charter Township of Comstock
BUDGETARY COMPARISON SCHEDULE - Library Fund
Year ended December 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes - property	\$ 630,000	\$ 630,000	\$ 649,139	\$ 19,139
State grants:				
State aid	7,000	7,000	10,005	3,005
State shared revenue	10,000	10,000	19,746	9,746
Total state grants	17,000	17,000	29,751	12,751
Charges for services	4,635	4,635	3,796	(839)
Fines and forfeitures:				
County shared penal fines	25,000	25,000	32,444	7,444
Book fines	4,500	4,500	7,228	2,728
Total fines and forfeitures	29,500	29,500	39,672	10,172
Interest and rentals	7,000	7,000	26,329	19,329
Other - donations	200	200	26,759	26,559
Total revenues	688,335	688,335	775,446	87,111
EXPENDITURES:				
Legislative	13,495	11,495	6,592	4,903
Culture and recreation:				
Administrative	144,406	145,166	141,647	3,519
Adult services	144,900	152,400	139,457	12,943
Books and materials	140,000	140,000	121,083	18,917
Clerical	131,680	138,180	124,406	13,774
Building operations and maintenance	71,854	201,952	191,534	10,418
Equipment maintenance	11,000	11,500	5,847	5,653
Total culture and recreation	643,840	789,198	723,974	65,224
Capital outlay	31,000	34,560	22,812	11,748
Total expenditures	688,335	835,253	753,378	81,875
NET CHANGES IN FUND BALANCES	-	(146,918)	22,068	168,986
FUND BALANCES - BEGINNING	511,674	511,674	511,674	-
FUND BALANCES - ENDING	\$ 511,674	\$ 364,756	\$ 533,742	\$ 168,986

Charter Township of Comstock**BUDGETARY COMPARISON SCHEDULE - Sewer and Water Improvement Fund**

Year ended December 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Charges for services	\$ 234,000	\$ 234,000	\$ 167,327	\$ (66,673)
Interest	19,500	19,500	92,985	73,485
Other	<u>80,000</u>	<u>80,000</u>	<u>138,816</u>	<u>58,816</u>
Total revenues	<u>333,500</u>	<u>333,500</u>	<u>399,128</u>	<u>65,628</u>
EXPENDITURES:				
Public works:				
Construction	200,000	515,480	448,447	67,033
Other	<u>102,100</u>	<u>114,255</u>	<u>119,456</u>	<u>(5,201)</u>
Total public works	<u>302,100</u>	<u>629,735</u>	<u>567,903</u>	<u>61,832</u>
NET CHANGES IN FUND BALANCES	31,400	(296,235)	(168,775)	127,460
FUND BALANCES - BEGINNING	<u>1,454,618</u>	<u>1,454,618</u>	<u>1,454,618</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,486,018</u>	<u>\$ 1,158,383</u>	<u>\$ 1,285,843</u>	<u>\$ 127,460</u>

SUPPLEMENTARY INFORMATION

Charter Township of Comstock
COMBINING BALANCE SHEET - nonmajor governmental funds
December 31, 2006

	<u>Special revenue funds</u>		<u>Debt service fund</u>	
	<u>Street Lighting</u>	<u>Elderly and Low Income</u>	<u>1993 Sewer Bond</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 107,267	\$ 15,508	\$ 111,107	\$ 233,882
Receivables, net	<u>85,859</u>	<u>-</u>	<u>163,643</u>	<u>249,502</u>
Total assets	<u>\$ 193,126</u>	<u>\$ 15,508</u>	<u>\$ 274,750</u>	<u>\$ 483,384</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 15,235	\$ -	\$ -	\$ 15,235
Deferred revenue	<u>164,817</u>	<u>-</u>	<u>161,149</u>	<u>325,966</u>
Total liabilities	180,052	-	161,149	341,201
Fund balances - unreserved, undesignated	<u>13,074</u>	<u>15,508</u>	<u>113,601</u>	<u>142,183</u>
Total liabilities and fund balances	<u>\$ 193,126</u>	<u>\$ 15,508</u>	<u>\$ 274,750</u>	<u>\$ 483,384</u>

Charter Township of Comstock**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended December 31, 2006

	<u>Special revenue funds</u>		<u>Debt service fund</u>	<u>Totals</u>
	<u>Street Lighting</u>	<u>Elderly and Low Income</u>	<u>1993 Sewer Bond</u>	
REVENUES				
Interest	\$ -	\$ -	\$ 15,757	\$ 15,757
Other	156,710	-	36,624	193,334
Total revenues	156,710	-	52,381	209,091
EXPENDITURES				
Public works	174,652	-	3,420	178,072
Debt service:				
Principal	-	-	160,000	160,000
Interest	-	-	38,500	38,500
Total expenditures	174,652	-	201,920	376,572
NET CHANGES IN FUND BALANCES	(17,942)	-	(149,539)	(167,481)
FUND BALANCES - BEGINNING	31,016	15,508	263,140	309,664
FUND BALANCES - ENDING	<u>\$ 13,074</u>	<u>\$ 15,508</u>	<u>\$ 113,601</u>	<u>\$ 142,183</u>

May 14, 2007

**Members of the Township Board
Charter Township of Comstock, Michigan**

In planning and performing our audit of the financial statements of the Charter Township of Comstock as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter Township of Comstock's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

This communication is intended solely for the information and use of management, the Board of Trustees of the Charter Township of Comstock, and the State of Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

Siegfried Crandall P.C.